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SUBJECT: AMBASSADOR DISCUSSES DE-BA'ATHIFICATION WITH CHALABI

REF: 2006 BAGHDAD 4666

Classified By: Ambassador Khalilzad, reasons 1.4 (b) and (d).

¶11. (S) Summary. In a January 20 meeting, the Ambassador urged de-Ba'athification Commission head Ahmed Chalabi to significantly revise the Commission's current de-Ba'athification bill to be more supportive of reconciliation efforts. Though the current draft now incorporates pensions for former army, intelligence and security officers, no other significant changes have been made since December (reftel). The Ambassador pressed Chalabi to relax the current standards of de-Ba'athification, focusing on criminality rather than Ba'ath party membership. He also asked Chalabi to change the tone of the bill's negative language, to insert a sunset clause as previously agreed upon, and to work with Sunni leaders on the draft. Chalabi, initially resistant to these suggestions, ultimately acknowledged the Ambassador's points and agreed to rework the draft over the next two weeks. On other topics, Chalabi shared his views on how to isolate Sadr City from Muqtada al Sadr, his views on Iran, and ministry performance. End Summary.

DE-BA'ATHIFICATION

¶12. (S) In a January 20 meeting, the Ambassador told de-Ba'athification Commission head Ahmed Chalabi that it was important that the de-Ba'athification law to be supportive of the reconciliation process without giving up on accountability. He urged Chalabi to relax the standards for de-Ba'athification, remove draft language that allows de-Ba'athification to cover civil society, incorporate a sunset clause, and adjust the negative tone of the introductory language.

¶13. (S) Chalabi initially was not receptive to these requests, saying that the Commission was already working towards reconciliation and had approved hundreds of requests to provide exceptions to former members of the Ba'ath party. He said that he expected to reach over a thousand exceptions by February. The Ambassador commended this gesture, but continued to emphasize that a balanced de-Ba'athification law was critical in reconciliation efforts. He urged Chalabi to work with Sunni leaders, reporting that IIP leaders were gaining support for their own efforts to draft a Deba'ath bill. Chalabi eventually agreed to the Ambassador's requests, and said he would spend the next two weeks re-working the current draft.

Chalabi Advice on Muqtada al Sadr and Iran

¶14. (S) Turning to other matters, Chalabi asserted that there were fractures in the Sadr camp and opined that the best

way for the U.S. to exploit these fissures would be to build a direct relationship with Sadr City leadership and its citizens, isolating Sadr City from Muqtada al Sadr. Chalabi suggested forming ties with Sadr City mayor Raheem al-Darraji and building support with the local community by opening additional police stations and hiring more residents for employment.

¶ 15. (S) Speaking on Iran, Chalabi suggested that the U.S. be more open in publicizing its allegations of Iranian tactics against the U.S., shifting negative attention onto Iran. He asserted that it was important for the GOI to regularize Iranian missions with official visas, establish a security committee between Iran and Iraq with a British CF representative as an observer, and that it was important for the U.S. to support legitimate operations between the Iraqi and Iranian government - for example, public works programs that could involve Iranian support (like de-mining).

¶ 16. (S) Chalabi also relayed to the Ambassador his low opinion of the performance of various ministries. He said that because of corruption and a problem in the supply chain, Ministry of Trade warehouses were empty of public food distribution resources. He complained about the Minister of Finance, who he accused of doing nothing while the Ministry withheld large amounts of valid payments without reason. He reported that there were no controls on spending in the provinces, leading to high levels corruption. He criticized the poor conditions of hospitals, the lack of police ability to conduct investigations, and the inability of the passports office to produce sufficient passports to fit the demand.

KHALILZAD